

USAID/Nigeria

Annual Report

FY 2004

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Nigeria

Performance:

Country Setting. With a population of 135 million, 65-70 million of them Muslim, Nigeria plays a crucial role in ensuring regional political and economic stability in Africa. Following on the 1999 transition from military dictatorship to elected government, Nigeria successfully concluded a second, largely peaceful round of democratic elections in 2003, leading to the first civilian to civilian electoral transition in 43 years of independence. In the opening months of his second term in office, President Obasanjo has taken a number of positive steps to improve economic and social conditions for Nigeria's citizens, addressing corruption, improved service provision, and the fight against HIV/AIDS. Despite these efforts, public support for and trust in the current administration in Nigeria is weakening. While more than two-thirds of Nigerians continue to concur that democracy is preferable to any other form of government, their trust in institutions and leaders declined significantly in 2003 and the President's approval rating dipped from 72 percent to 58 percent. Improved performance on issues that directly concern Nigeria's citizens, including health and education service delivery, employment creation, conflict resolution, and improved household food security is urgently needed to rebuild public confidence in government.

With 70 percent of the Nigerian population living in poverty on less than a dollar a day, the need for a national poverty reduction strategy and strong measures to address poverty is clear. One of the biggest disappointments of the first Obasanjo government was its failure to develop such a strategy or to engage the wider Nigerian society in the process. The new administration has taken rapid and proactive steps to rectify this failure by putting in place the framework of a National Economic Empowerment and Development Strategy (NEEDS), with poverty reduction as one of its core goals. The NEEDS process is envisioned as open and participatory, inviting the contributions of a broad array of stakeholders, and the President and his new economic team seem committed to making it work. Development of a viable roadmap and strategy for improving the welfare of the mass of Nigerians will be an important milestone in the country's development.

Any poverty reduction strategy must also address the status of Nigeria's social indicators. The preliminary results of the 2003 Nigeria Demographic and Health Survey (NDHS) and other data sources confirm the poor state of basic indicators of social well-being in Nigeria. The under-five mortality rate stands at 203, meaning that one out of every five Nigerian children dies before reaching his or her fifth birthday; these deaths occur from causes that are largely preventable. Only 12 percent of Nigerian children in their second year of life have been completely immunized against common childhood diseases, and almost 40 percent of young children suffer chronic undernutrition. The HIV/AIDS epidemic has claimed an estimated 1.5 million lives, and at least four million Nigerians are currently living with the virus. Although legislation authorizing a program of Universal Basic Education has been passed by the National Assembly and awaits the President's signature, resources to put the infrastructure for the program in place are inadequate. Half of Nigerian adults are illiterate and only 55 percent of eligible children currently attend primary school. Pervasive poverty and the poor educational and health status of Nigerian children and adults are the key development challenges for the country.

Beneficiaries. The USAID Transition Strategy 1999-2003 is supported by four strategic objectives and one special objective, addressing good governance, transparency, and conflict mitigation; agriculture and economic policy reform; basic education; health care service delivery, including HIV/AIDS; and infrastructure. The principal beneficiary groups reached by these programs include:

Men and women farmers and enterprise owners, whose productivity, access to appropriate technology, and incomes are improved;

Primary school pupils and their teachers in selected areas, through activities to improve teachers' classroom skills and mobilize community support;

Clients of health care services, particularly women and young children;
Those most at risk for HIV/AIDS, through prevention and behavior change programs;
Agents of change and citizens at large, as the capacity of civil society to demand transparency and accountability in government is enhanced.

FY 2003 was the last full year of implementation of the Transition Strategy. The transition program laid the groundwork for design and implementation of a broad-based sustainable development strategy, the first for USAID/Nigeria in 20 years. Many transition activities were pilot or experimental efforts, implemented in the context of constrained capacity and a poor policy environment following decades of military rule. Important improvements in the policy arena were effected during the first four years of Nigeria's democratic transition, however, and USAID has identified opportunities to work with the government and people of Nigeria to further advance reform during the second Obasanjo administration.

Donor Coordination. USG priorities and interests in Nigeria include strengthening democratic principles and processes, fighting corruption, improving service delivery, and strengthening the capacity of public and private institutions. These priorities are shared by other members of the donor community. As the largest bilateral donor in Nigeria, USAID plays a pivotal role in donor coordination and works with these partners to ensure that programs are complementary and mutually reinforcing. USAID co-chairs donor groups in democracy and governance and education, and provided guidance to donor support for the 2003 elections. Donors in the agriculture sector meet monthly as the Agriculture Donors Working Group, while the World Bank's Economic Management Capacity Building Program (EMCAP) provides a vehicle for coordination on broader economic policy issues. There is also strong cooperation on polio eradication and combating HIV/AIDS and malaria, and USAID has partnered with Britain's Department for International Development (DfID) in support of the largest social marketing program in Africa.

Challenges. Nigeria presents a challenging environment on two fronts: for achieving development results and for program management and implementation. The 2003 national elections were a major issue to contend with as politicians, candidates and their supporters abandoned the normal course of business in favor of the campaign trail and the Mission made major investments in providing technical assistance and fielding monitors for the electoral effort. Early in the year political and ethnic violence also escalated as the elections neared. Massive corruption at all levels impacts both the cost of doing business and the efficiency of service provision. Many of the Mission's public, private and NGO sector partners require institutional strengthening and capacity building, and demand a high level of management effort to ensure that proper procedures are followed and results are achieved. A compound result of these challenges is difficulty in recruiting direct hire and USPSC staff to join the Mission.

The Mission has been proactive and strategic in responding to these challenges. First and foremost they were taken into account in the design of the new strategy that will take effect in January 2004. USAID's technical assistance to the elections contributed materially to an exercise which, although flawed, nonetheless appears to represent the will of the people. USAID's targeted work in conflict mediation and prevention averted outbreaks of election-related violence in vulnerable localities, including Kaduna. The President has made recent strong statements on corruption and senior government figures, including the incumbent Minister for Labour and Productivity, have been sacked on corruption charges. The Mission is encouraging a more intensive response to the corruption problem by continuing support to the anti-corruption media campaign, working with selected government institutions to promote accountability, and building the skills of civil society to demand responsible governance. Restoring institutional and human resource capacity eroded under military regimes is key to attaining sustainable impact and is a core element in every Mission program.

Achievements. Activities implemented under the Transition Plan began to wind down in FY 2003. USAID/Nigeria's new five-year Country Strategic Plan (CSP) 2004-2009 was developed during FY 03 and approved in USAID/Washington on September 30, 2003. The CSP will come into effect on January 1, 2004, with four strategic objectives that include interventions in all of the sectors addressed in the Transition Plan except infrastructure. These new objectives will build on the accomplishments of the transition program. Specific achievements recorded under the retiring portfolio are reported below.

Democracy and governance: The importance and effectiveness of USAID support for electoral processes was made manifest during the national elections in 2003. USAID worked with GON institutions and civil society to increase the efficiency and transparency of the process. An innovative National Information Center ensured the transmission and collation of field data from nearly 12,000 domestic monitors and identified potential trouble spots. Diverse constituencies participated in the monitoring exercise, including organized labor and, for the first time, the Federation of Muslim Women Associations of Nigeria. USAID-supported civil society organizations became increasingly sophisticated in policy dialogue and increasingly successful in influencing policy direction. The innovative Basketball for Peace program engaged unemployed urban youth in alternative activities and defused violence in key hot spots.

Agriculture and economic growth. USAID's activities in the agricultural sector gathered momentum in 2003. More than 15,000 farmers benefited directly from Mission-supported technical assistance geared to increasing productivity, establishing market linkages, and providing processing and post-harvest options. Producer groups as much as doubled their yields of targeted cereal and legume crops, and sold produce valued at \$2.9 million directly to Nigerian agro-industries. The volume and value of productivity-enhancing inputs such as fertilizers and improved seeds that were sold through the private sector more than doubled over the previous year. Progress was also made in domestic debt management and budget reform, with the government adopting improved budget tools and introducing greater transparency and visibility to the budget-making process. Civil society dialogue has also become an integral element in framing Nigeria's poverty reduction strategy.

Basic education. The program reached 100,000 primary-school pupils and 4,500 teachers in 328 schools with interventions designed to increase teacher effectiveness and enhance student performance. Civil society strengthening through community participation, policy dialogue, and youth workforce development are also part of the program. Pupils in USAID-assisted schools significantly improved their performance on standard literacy and numeracy tests during the academic year compared to a control group. The quality of instruction in the schools, of which 25 percent are Islamic, was improved by teacher training and an innovative program of interactive radio instruction for teachers and pupils. 195 Parent-Teacher Associations (PTAs) identified critical needs in their local schools, developed plans to address them, and leveraged resources to implement their plans. Engagement with the Federal Ministry of Education on data for decision-making and policy development continued. 5,500 young Nigerians benefited from workforce development activities, including vocational training and sensitization on HIV/AIDS and conflict mitigation.

Integrated health information and services. USAID's integrated health program addresses family planning and reproductive health, child survival, and HIV/AIDS care, treatment, prevention and support. Efforts in polio eradication continued with 35 million children vaccinated, but resistance to the campaign in some states led to an increase in transmission during the year. Significant gains were posted in exclusive breastfeeding and malaria treatment. USAID partners provided 1.5 million couple-years of protection to couples wishing to postpone or prevent unintended pregnancies and enrolled close to 100,000 new family planning users. The use of measures to prevent HIV/AIDS is increasing as the result of USAID-supported behavior change programs. In addition to its work with faith-based and multiplier organizations that provide services and engage in policy dialogue, USAID has also engaged with the private sector to establish a Nigerian Business Coalition Against AIDS whose work will be funded by contributions from the private sector.

Infrastructure. The Mission's Special Objective focuses on selected elements of the power, aviation and ports sectors, providing primarily technical assistance and training to prepare the government-owned electricity company for privatization, improve airline safety and security, and streamline operations at Lagos port. The year also saw the launch of a solar electricity activity in Jigawa state that has already had positive impacts on agricultural productivity and microenterprise development. Implementation of activities to support the SpO has largely been delegated to other USG entities with comparative advantage in those sectors through Interagency Agreements (IAAs) and USAID/Nigeria was not involved in their management. Due to reduced funding levels, activities under the SpO will not be carried forward to the new strategy.

Global Development Alliances and other partnerships. USAID/Nigeria has already demonstrated considerable success in leveraging resources from a range of development partners, including GON entities at all levels, other donors, and the NGO and private sectors. Public-private alliances and other partnerships are expected to bring together coalitions of organizations and individuals who will jointly define a problem, situation, and solution, thereby capitalizing on the combined knowledge, skills and expertise of all partners. Over the past two years the Mission has leveraged over \$18 million through a variety of partnership models to complement its own resources. At the end of FY 2003 the Mission signed a Memorandum of Understanding with the Shell Petroleum Development Corporation (SPDC) through which one dollar of USAID investment will be matched by three dollars from Shell, and will launch a cassava enterprise development under this umbrella early in FY 2004. Partnerships in the Niger Delta to combat HIV/AIDS, mitigate conflict, provide microfinance services, and contribute to environmental sustainability are under development.

Conflict. The final report of the year-long Strategic Conflict Assessment (SCA) conducted in Nigeria by the Institute for Peace and Conflict Resolution (IPCR) was presented to civil society and other stakeholders in February 2003 in Abuja for their review and input. The results of the analysis helped the Mission and its partners to design and implement strategic conflict prevention and mitigation activities, especially during the run-up to the elections. The level of violence during the campaign was much lower than had been widely predicted, attributable in part to these interventions. As a follow-on, USAID and other donors will continue to strengthen IPCR capacity and to refine, focus, and implement key recommendations of the SCA.

Gender. USAID/Nigeria conducted a strategic gender assessment early in 2003 as part of the strategic planning process. The assessment identified notable successes that were achieved under the Transition Plan and best practices to carry forward to the CSP. In the democracy and governance program, an early activity worked through a media campaign with women's civil society organizations (CSOs) to increase women's access to formal political processes, and along with men and youth, to be better able to manage conflict. Women participating in USAID-funded agricultural activities receive the same access to information as their male counterparts regarding improved practices for target crops, and have also benefited for post-harvest and processing innovations. Particular attention is being paid to girls' education under the basic education program, and communities are being encouraged not only to send their daughters to school, but to address those factors in the school environment that discourage girls' retention. The Mission's significant successes in health care could be enhanced by greater attention to men both as clients and as gatekeepers through whom women gain access to services. These lessons will be incorporated into design and implementation under the CSP.

Trade Capacity. The Nigerian economy was for too long under state-managed and protectionist economic regimes, but the present government is now ready to establish a national economy that is broad-based, competitive, open, and private sector-led. USAID/Nigeria has focused its trade capacity building program in five key areas: technical training for Nigerian economists and policy makers; policy development, including trade, industrial, and tariff policies; policy research and analysis; public dialogue at national and regional levels; and institutional strengthening. The new Trade Policy of Nigeria, developed with USAID technical assistance, was adopted by the National Executive Council during FY 2002 and this has been very useful in the trade liberalization effort of the Nigerian government. USAID/Nigeria has also worked closely with the World Bank and the Economic Community of West African States (ECOWAS) on trade related activities, like the National Workshop on Nigeria's Imperative in the New World Trade Order in August 2003.

Country Close and Graduation:

Results Framework

620-006 Transition to Democratic Civilian Governance Sustained

SO Level Indicator(s):

- Level of public patience with results of democracy
- Level of public satisfaction with targeted institutions
- Voter turnout rate in Federal elections

6.1 Government institutions demonstrate increased transparency and responsiveness

6.2 Foundation established for a fair and competitive electoral system

6.3 Increased participation by civil society in conflict management, public deliberations and oversight of government

620-007 Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth

SO Level Indicator(s):

- Key policy reform papers presented for adoption by Federal Executive Council
- Number of clients assisted by USAID supported microfinance institutions
- Number of clients receiving USAID supported agricultural productive resources
- Number of companies readied for privatization

7.1 Government of Nigeria economic policy formulation process improved

7.2 Research-extension-farmer linkage improved

7.3 Private sector services of selected institutions improved

620-008 Develop the Foundation for Education Reform

SO Level Indicator(s):

- Increased English literacy and numeracy scores of students in targeted schools
- Number of education policy reform initiative presented at national level
- Percent of English literacy and numeracy agendas implemented in targeted schools
- Percent of vocational training graduates in Lagos and Delta State programs employed

8.1 Functioning policy support system in targeted states

8.2 Teacher training in English literacy and numeracy improved in targeted areas

8.3 Community participation in primary education increased in targeted states

8.4 Skills training for out-of-school youth improved in target states

620-009 Increased use of Family Planning/Maternal and Child Health/ HIV/AIDS Services and Preventive Measures within a Supportive Policy Environment

SO Level Indicator(s):

- Condom use at last high-risk sex
- Contraceptive prevalence rate
- Couple-years of protection
- DPT3 coverage
- Exclusive breastfeeding coverage

9.1 Increased demand for family planning/reproductive health, HIV/AIDS and child survival services

9.2 Increased access to and availability of family planning/reproductive health, HIV/AIDS and child survival services and commodities

9.3 Improved quality of family planning/reproductive health, HIV/AIDS and child survival services

9.4 Increased capacity of family planning/reproductive health, HIV/AIDS and child survival services

9.5 Improved policy environment for delivery of family planning/reproductive health, HIV/AIDS and child survival services

620-010 Improved Management of Critical Elements of the Infrastructure and Energy Sector

SO Level Indicator(s):

- Percentage progress towards achieving ICAO Category 1 safety standards
- Selected domestic energy supplies increased

- 10.1 Energy sector operations improved
- 10.2 Aviation safety and security enhanced
- 10.3 Increased efficiency of port operations

- 620-011 **Strengthened Foundations for Democratic Governance**
- 620-012 **Improved Livelihoods in Selected Areas**
- 620-013 **Increased Use of Social Sector Services**
- 620-014 **Reduced Impact of HIV/AIDS in Selected States**